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RUEHAS/AMEMBASSY ALGIERS PRIORITY 0905
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RUEHAK/AMEMBASSY ANKARA PRIORITY 5089
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4294
RUEHEG/AMEMBASSY CAIRO PRIORITY 2639
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 5056
RUEHLO/AMEMBASSY LONDON PRIORITY 1916
RUEHFR/AMEMBASSY PARIS PRIORITY 0131
RUEHRB/AMEMBASSY RABAT PRIORITY 8901
RUEHRO/AMEMBASSY ROME PRIORITY 6381
RUEHRH/AMEMBASSY RIYADH PRIORITY 1300
RUEHTU/AMEMBASSY TUNIS PRIORITY 5403
RUCNDT/USMISSION USUN NEW YORK PRIORITY 7364
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0318
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY
RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 001870

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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E.O. 12958: N/A
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Iran

Key stories in the media:

All media highlighted Syrian President Bashar Assad's visit to Moscow. Israel Radio cited an official communique on Syrian TV denying the possibility that Russia will place missiles in Syria to counter Western weapons. The Jerusalem Post reported that acting Russian Ambassador in Tel Aviv Anatoly Yurkov told the daily that Russia has no intention of placing the advanced, short-range

Iskander missile system in Syria. The Jerusalem Post quoted Russian FM Sergei Lavrov as saying, according to the ITAR-Tass news agency, that any weapons sold to Syria would be defensive and would "not in any way interfere with the strategic balance in the region." Ha'aretz cited Israel's belief that despite the tensions between Russia and the West, there is no crisis in relations between Jerusalem and Moscow. Yediot reported that FM Ehud Olmert is leaving on an urgent visit to Moscow, and reported that Olmert told Russian President Dmitry Medvedev in a telephone call on Wednesday that it would be better for Syria to focus on the dialogue channel with Israel than wasting billions of dollars on weapons that Israel will eventually destroy. Olmert reportedly said that the ball is in Assad's court, who will find in Israel a partner willing to reach an agreement. This morning Israel Radio quoted the UAE newspaper Al-Bayan as saying that the U.S. has demanded that Israel and Turkey immediately desist from talks with Syria.

Maariv reported on the role of Jewish-American businessman Daniel Abrams as facilitator in Olmert's negotiations with PA Chairman Mahmoud Abbas. Ha'aretz also featured Abrams.

Leading media reported that yesterday FM Tzipi Livni met with the foreign press in Israel and called for a national unity government that would be able to pursue the creation of Palestinian state living peacefully alongside Israel. But she also sounded a warning note, saying that a Palestinian uprising could reignite if the international community piled too much pressure on the sides to paper over differences and rush into an agreement on statehood. In her remarks, Livni played down Washington's timeline for a deal this year. "What is more important is the content and the nature of the understanding," she said. She was quoted as saying that she and her Palestinian counterpart in the negotiations, former PM Ahmed Qurei, were going beyond "vague ideas" about the percentage of West Bank land that Israel would yield. "We need to line the borders on the map," she was quoted as saying. Leading media reported that yesterday Transportation Minister Shaul Mofaz came out against the government and Livni in particular, saying that Israel needs "resolute leadership."

Ha'aretz reported that Labor Party chief and Defense Minister Ehud Barak told several party veterans yesterday that he is not worried about being removed or replaced before the next Knesset elections. According to Ha'aretz, Barak told senior party members in a series of phone calls that the Labor Party does not depose its leaders. Nonetheless, Barak admitted that the party is going through tough times after opinion polls forecast a big defeat if general elections were held today.

Major media cited the London-based Al-Quds Al-Arabi daily as saying that Egypt has warned Hamas of possible attempts by Israel to assassinate the group's leaders over their lack of progress in negotiations to free Gilad Shalit. The report says the rift between Egypt and Hamas officials has deepened in recent weeks due to the group's inflexibility over a deal to release Shalit. Yediot quoted Israeli defense sources as saying that after the truce with Hamas, Israel will be faced with the threat of 100 Qassam rockets a day.

Ha'aretz, The Jerusalem Post, and Makor Rishon-Hatzofe reported that Olmert and DM Barak have decided to reroute the West Bank separation fence in an area near Jerusalem, to minimize how much the barrier encroaches on Palestinian land. Yesterday the State Prosecutor notified the High Court of Justice of a state decision to move the fence near Ma'aleh Adumim westward, allowing 4,000 dunams (around 990 acres) of Palestinian land to remain untouched.

Israel Radio reported that the Jordanian Foreign Ministry has summoned Israeli Ambassador to Amman Jacob Rosen, saying that Israel must desist from any steps that would harm the holy sites in Jerusalem. Various media reported on a squabble between Jews and Christians over construction at the site of the Last Supper monastery in Jerusalem.

Israel Radio reported that a 23-year-old student from the Bedouin town of Tel Sheva was arrested on suspicion of intending to set up an Al-Qaida cell. Senior Al-Qaida operative Omar Bakri was quoted as saying in an interview with Makor Rishon-Hatzofe that Hamas PM Ismail Haniyeh is a heretic whose government makes use of Shi'ite money.

The Jerusalem Post and Maariv reported on the plea of an Israeli Bedouin for the return of his son, who has been detained in Egypt for eight years.

The Jerusalem Post reported that Saudi trade officials are warning against what they claim to be cancerous products made in Israel and other countries that are allegedly being smuggled into the kingdom.

Yediot and The Jerusalem Post reported that the organization www.10million.org, which is interested in information about MIA Ron Arad, has arranged to have phone messages and SMS messages sent to Lebanese citizens.

Israel Radio quoted a senior Hizbullah official as saying that his organization's "shocking" revenge for the death of its chief operative Imad Mughniyah will take place soon. Maariv quoted the Italian daily Corriere Della Sera as saying that Russia has sold Hizbullah anti-aircraft missiles.

Ha'aretz reported that U.S. Maj. Gen. Paul J. Selva will soon succeed Lt. Gen. William Fraser as Roadmap implementation supervisor.

The Jerusalem Post reported that the IDF shut down BBC radio transmitters in Hebron on Wednesday, acting on orders of the Communications Ministry and citing interference with communications at Ben-Gurion International Airport.

Ha'aretz and other media reported that human rights activists are planning to break Israel's blockade on Gaza by sailing this morning from Cyprus to Gaza in two yachts. Israel plans to block the ships from reaching Gaza. The activists were quoted as saying that they want to break the blockade, but even if they are stopped they will view it as an achievement, because they will have showed Israel is enforcing the blockade on civilians, too.

Leading media cited an AP story that over 100 victims of terrorism in Israel filed a lawsuit yesterday against Bank of China Ltd., China's largest bank, accusing the institution of transferring money to terrorist groups. The lawsuit filed in Los Angeles Superior Court claims that the bank transferred millions of dollars to Hamas and Islamic Jihad, ignoring demands by Israeli counterterrorism officials to halt the practice. The suit alleges that the money helped fund attacks between 2004 and 2007.

Major media reported that the State Prosecutor's Office intends to ask U.S. authorities for a declaration that any further testimony by Morris Talansky in Israel would not be used as evidence against him in U.S. court.

Yediot reported that shortly before his death this week Benjamin Gibli, who headed IDF Intelligence at the time of the so-called Lavon Affair -- the scandal over a failed Israeli covert operation in Egypt, in which Israeli military intelligence planted bombs in Egyptian, American, and British-owned targets in Egypt in the summer of 1954 -- admitted to "giving the order" for that operation.

Iran:

Summary:

Daniel Levy, the lead Israeli drafter of the Geneva Initiative, wrote in the independent, left-leaning Ha'aretz: "Don't expect preventive diplomacy to be swift or simple -- but Israel would be making a terrible, even fatal, mistake if it attacked Iran."

Block Quotes:

"There Are Better Options"

Daniel Levy, the lead Israeli drafter of the Geneva Initiative,

wrote in the independent, left-leaning Ha'aretz (8/22): "The good news [about responses to the Iranian nuclear program] is that there are better options. For one, Israel should be leading, or at least contributing to, rather than retarding, a policy re-think on Iran. Instead, when the U.S. sends Under-Secretary of State William Burns to sit in on talks with Iran in Geneva or considers opening an interest section in Tehran, Israel takes umbrage. The same is true when our back-channel mediators with Syria, the Turks, host Iran's leaders. Israel needs to encourage this direct hard-headed diplomatic engagement between its friends and Iran -- contributing talking points of its own and suggesting the dialogue address a broad range of issues of concern to Israel. Israel might even wrong-foot its adversaries and advance a constructive regional dynamic by developing an offer occasionally hinted at by President Shimon Peres -- that Israel will support a Middle East free of weapons of mass destruction in the context of regional peace, mutual recognition and security guarantees. Beyond that, Israel should de-emphasize its unilateral military options and stress confidence in its own deterrence capacity vis-a-vis Iran.... Don't expect preventive diplomacy to be swift or simple -- but Israel would be making a terrible, even fatal, mistake if it attacked Iran. It does no one, least of all itself, any favors with the parrot-like repetition of the 'threatener-in-chief' mantra."

CUNNINGHAM